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DIST 26 AUGUST 1966

COUNTRY: WEST GERMANY

DOI :

SUBJECT: CHANCELLOR ERHARD'S COMMENTS ON THE OFFSET AGREEMENTS

ACQ :

SOURCE :

Sec Def Distribution
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AdmList
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1.5(e)
3.4(b)(1)

1.

CHANCELLOR

ERHARD COMMENTED ON THE AMERICAN BALANCE OF PAYMENT DIFFICULTIES AND THE OFFSET AGREEMENTS. ERHARD SAID THAT NO ONE CAN DOUBT THAT HE HAS DONE HIS BEST TO ALLEVIATE THE PROBLEM, BUT OBVIOUSLY THERE ARE FINANCIAL LIMITS TO WHAT GERMANY CAN DO. ERHARD

~~SECRET~~

1.5(e)
3.4(b)(1)

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SECRET1.5(e)
3.4(b)(1)

(classification) (dissem controls)

INTENDS TO FULFILL ALL THE COMMITMENTS THAT HAVE BEEN MADE, BUT INDICATED THAT BONN MUST BE VERY CAREFUL IN REACHING ANY NEW AGREEMENTS. HE SAID IT WOULD BE WRONG TO TAKE ON BURDENS WHICH CANNOT BE CARRIED. THE GERMANS CANNOT SPEND MORE ON THE PURCHASE OF MILITARY HARDWARE THAN NEEDED OR MORE THAN THE BUDGET ALLOWS. TO INCREASE TAXATION UNDER THE PRESENT CONDITIONS WOULD BE ECONOMIC IRRESPONSIBILITY AND POLITICAL SUICIDE.

2.

1.5(e)
3.4(b)(1)

HE MADE

IT CLEAR HOWEVER THAT BONN CANNOT JUST GIVE THE U.S. MONEY TO PAY FOR AMERICAN TROOPS STATIONED IN GERMANY AND THAT OTHER WAYS MUST BE FOUND, SUCH AS THE PURCHASE OF NON-MILITARY GOODS AND CERTAIN SERVICES.

3.

1.5(c)(d)
3.4(b)(1)(6)5
4
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2
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1.5(e)
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[REDACTED]
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1.5(e)
3.4(b)(1)

~~SECRET~~
(classification) [REDACTED] (dissem controls)

[REDACTED]
[REDACTED]
1.5(c)(d)
3.4(b)(1)(6)

[REDACTED] ERHARD SAID

THAT HE HAS GREAT PERSONAL RAPPORT WITH PRESIDENT JOHNSON.
OFTEN WHEN THINGS ARE NOT GOING WELL ON LOWER LEVELS,
HE CAN STRAIGHTEN OUT THE PROBLEMS IN A MAN-TO-MAN TALK
WITH THE PRESIDENT HIMSELF.

4. [REDACTED] DISSEM: AMEMBASSY BONN (LIMITED).

1.5(e)
3.4(b)(1)

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1.5(e)
3.4(b)(1)

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